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WHY THERE ARE TWO GOVERNMENTS IN CHINA

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CANTON GOVERNMENT
SANITATION
MODERN
TARIFF LAWS
UNWORKABLE
REVISION OF
AUTONOMY
BASIS OF LOCAL
SOUTHERN PROVINCES ON
ORGANIZATION OF
GAMBLING
ABOLISHMENT OF
ROADS
IMPROVEMENT OF
GOVERNMENT
OF CIVIL
UNDER AUTHORITY
TROOPS PLACED
PROGRESS
EXTENSIVE
EDUCATIONAL
PROGRAM
COMMERCIAL AND
INDUSTRIAL
DEVELOPMENT
A UNITED CHINA
ADMINISTRATIVE
EFFICIENCY
BUSINESS METHODS
TERRITORIAL INTEGRITY
CONSTITUTIONAL
GOVERNMENT
A SQUARE DEAL
TO ALL
PRESIDENT
SUN YAT-SEN
PEKING
GOVERNMENT
AUTOCRACY
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MISRULE
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BANKRUPTCY
WASTE
DEBTS
FRAUD
CORRUPTION
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INEFFICIENCY
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INCOMPETENCE
OLD
METHODS
MILITARISM

Why There Are Two Governments in China

In 1911 the Manchu dynasty was overthrown and a republic established in China. This change was brought about mainly through the efforts of Dr. Sun Yat-sen. Dr. Sun was elected first President of the Republic of China.

In order to unify the country after the abdication of the Manchus, which followed the establishment of the Republic, Dr. Sun generously retired from the presidency in favor of Yuan Shih-kai, his opponent in North China. Upon retiring Dr. Sun recommended the election of Yuan Shih-kai as president and this recommendation was carried out.

In 1913 Yuan Shih-kai borrowed £25,000,000 from the Six Power Group of bankers. The terms of this so-called Reorganization Loan were so onerous that President Wilson was impelled to advise the American bankers to withdraw from the Six Power Group. Although the Chinese parliament objected to the terms of this loan the bankers advanced the money to Yuan Shih-kai. As Parliament did not sanction it, the loan was thus contracted in violation of the Constitution which Yuan Shih-kai had sworn to uphold.

Backed by the money secured by this loan Yuan Shih-kai dismissed Parliament and

planned to make himself emperor. South China rose in arms to protect the Parliament but its forces were defeated. The Republican leaders were proscribed and some were put to death.

In 1915 Yuan Shih-kai openly proclaimed himself Emperor. The southwestern provinces again revolted. In June, 1916, Yuan Shih-kai died and Li Yuan-hung, the Vice-President, automatically became president in accordance with the Constitution. President Li Yuan-hung at once re-convoked the Parliament which Yuan Shih-kai had dismissed. The southwestern provinces laid down their arms and China was once more a united country.

Then came the request of the American Government that China join the Allies in the war against the Central Powers. The Chinese Parliament believed it was China's first duty to put her own house in order, the Republican government machinery having been practically destroyed under Yuan-Shih-kai. Parliament also feared that the military party would, under the pretext of necessity, create another dictatorship in China. It was convinced, and subsequent events confirmed this conviction, that China would be able to contribute very little to a war in far away Europe.

The Chinese Minister of War once more dismissed Parliament and declared war on his own responsibility upon the Central Powers. Then followed a series of loans to China from Japan for which valuable concessions were pledged to Japan.

Upon being illegally dismissed in Peking the

Parliament moved down to Canton to resume its sessions. The southwestern provinces again took up arms against the Peking Government in order to preserve Republicanism in China. For the second time China was divided.

In the meantime, with $10,000,000 borrowed from Japan and secured by certain railway and mining rights in Manchuria, the Northern militarists created a new Parliament (known throughout China, North and South, as the "Bogus Parliament") composed of their own creatures instructed to elect Hsu Shih-chang, bosom friend of Yuan Shih-kai, president. This is the President in Peking today and this is the President whom the powers recognize.

While these manoeuvers were taking place in Peking the military faction in South China, working in co-operation with the militarists in the North, succeeded in dominating the Government in Canton. The Constitutionalists were forced to leave the city and Parliament had to discontinue its sessions.

In the fall of 1920 Dr. Sun Yat-sen and General Chen Chiung-ming drove the militarists from Canton. Parliament once more assembled in that city and, in an extraordinary session, elected Dr. Sun Yat-sen President of the Republic of China, the last legal President having died in Peking in 1918.

The Peking Government

It is evident from the above that Hsu Shih-chang's title to the presidency of China is defective He was elected to office by a bogus par-

liament composed of hirelings of the Northern militarists. This bogus Parliament, the Parliament that elected Hsu Shih-chang president, was dissolved by Hsu in the fall of last year on the ground that it was an illegal body! ***By this act, the man in Peking who is recognized by the Powers as the President of China admitted the illegality of his title!*** Hsu Shih-chang is one of the four sworn brothers of Yuan Shih-kai, the man who betrayed the Republic in 1915. It was Hsu Shih-chang who carried on and concluded the negotiations with Japan over the Twenty-one Demands, which were later accepted by the Peking Government and which virtually made China a vassal of Japan.

Although supposed to be the President of the Chinese Republic, Hsu Shih-chang still retains his title of Tutor to the Manchu Emperor and he is, even now, arranging a marriage between his own daughter and the young emperor. He is a reactionary of the worst type and well known to have monarchical leanings.

The Peking Government is dominated by two military adventurers, Warlords Chang Tso-lin and Tsao Kun, who put up and pull down puppet officials and Cabinet members in Peking according to their whims. Chang Tso-lin was formerly a brigand in Manchuria. During the Russo-Japanese war he served under Japan and at the close of the conflict he surrendered himself to the Chinese Government at the suggestion of Japan and was immediately given a commission in the Chinese army under the Manchus. He has been made Military Governor of Manchuria and ever since his appointment he has used his

position to further the interests of Japan. When Lord Northcliffe recently saw Chang Tso-lin the warlord was engaged in the task of selecting another cabinet which he intended to install in Peking.

Tsao Kun is the other military leader who controls the activities of the Peking Government. He is also closely allied with the Japanese and is using every means to prevent an increase in the power of Chang Tso-lin. Both men are preparing to open war on each other over who shall be the next President in North China.

The Peking Government is bankrupt morally, financially and politically. Its collapse is expected daily. Its failure to pay the loan due November first to the Continental and Commercial Trust and Savings Bank of Chicago has injured the credit of China abroad and lost it what little respect the Chinese people held for the Government that sits in Peking. The Peking Government would have fallen long ago had it not been for the recognition accorded it by the Powers.

The Peking Government has borrowed millions from Japan and made many treaties with that country which surrendered China's natural resources. More than sixty treaties have been negotiated between Peking and Tokio the contents of which for the most part are not known to the public. Those known as the Treaties of 1915 and of 1918 are the most obnoxious. The Treaties of 1915 contain the notorious Twenty-one Demands. These demands seek to reduce China into a dependency of Japan. They are

comprised under five heads and may be briefly summarized as follows:

First—China was to assent to any arrangement Japan and Germany might make of the latter's claims in Shantung. China was, moreover, not to cede or lease to any third power any territory within or along the coast of Shantung. New ports in the province were to be opened to trade and additional railway concessions were to be granted to Japan.

Second—In Southern Manchuria and Eastern Mongolia railway leases already held by Japan were to be extended for a period of ninety-nine years—the first Russian lease of twenty-five years being near expiration. Japan was to be consulted before special privileges were given other foreigners and her (Japan's) nationals were to be accorded advantages of residence and landholding which were given to aliens nowhere within the republic. Southern Manchuria and the adjoining districts of Mongolia were thus to be bound more tightly to Japan than ever before.

Third—When the opportune time arrived the Hanyehping Iron Works at Hanyang (the largest in the Far East) were to be made a joint enterprise of the Chinese and Japanese (they had been built and developed by Chinese exclusively) the former were not to sell their rights in it to another power, and the company's permission was to be obtained before concessions could be made for mines in the neighborhood of bodies of ore or coal owned by the company. The Hanyehping enterprise is in the heart of China in the province of Hupeh and is by far the most important producing source of iron and steel in

the Republic. Japan hoped by controlling it to insure her mastery of the Asiatic continent through dominating the steel supply of the Orient.

Fourth—Without the consent of Japan, China was not to alienate, either by concession or lease, any portion of her coast to any third power. This would, of course, insure the recognition of Tokio's veto on any suggested industrial or commercial development projects of nationals of another foreign power.

Fifth—China was to employ Japanese advisors in her political, financial and military affairs. The Nipponese were to join in the administration of the police departments of important Chinese cities and were to supply fifty per cent. or more of the munitions used by China's armies. The Japanese might build and own hospitals, churches and schools in China and propagate religious ideas. Important railway concessions were to be granted in the Yangtse Valley. In the province of Fukien, opposite Formosa, not only were the Japanese to be permitted to work mines, build railways and construct harbor works, but they were to be consulted before capital could be borrowed from any other country to carry on such projects. It was evident that should this fifth group be accepted by China the nation would become virtually a protectorate of Japan.

When these Twenty-one Demands were made public all China seethed with indignation. The rage of the country was no less fierce when Peking began negotiations which resulted in China's assent to the first four groups. The fifth group was not accepted; to have done so would

have meant Yuan Shih-kai's downfall, but neither was it formally rejected. It was simply put aside for further discussion, a discussion which has never been publicly renewed.

With this diplomatic victory Japan seemed for a time to rest content. In 1916, however, an opportunity was given her to make demands for further control in western Manchuria. That same year saw Japan enter into the series of loans that bound Peking rulers and militarists to her by chains of gold and enabled her to spread her imperialistic pall over two-thirds of the Chinese Republic.

In 1917 Japan again showed her hand in asserting that a note of special advice which the United States sent to Peking should first have been vised by Tokio. America did not admit this contention but Japan by her protests effectively quashed an American railway project which would have competed with the former German lines which she controlled in Shantung and thus won additional recognition of her power in that province.

With the restraint of Parliament removed the Peking Government, unable to secure funds from the provinces and encouraged by the Japanese, began a series of reckless borrowings from that nation to enable it to exist and fulfill the blackmail demands of the militarists whose creature it was. These millions secured from Japan by pledging China's railways and natural resources were not used for the improvement of the nation but were spent on military establishments by the various military chiefs or helped to increase the private fortunes of Peking officials.

Some of the loans are:

1916	
Koah Company	Yen 5,000,000
Yokohama Specie Bank	100,000
Sino-Japanese Industrial Co.	2,000,000
1917	
Japanese Group Bank	30,000,000
Yokohama Specie Bank	10,000,000
Japanese Group Bank	5,000,000
Kirin-Changchun R. R.	6,500,000
Ammunition Loan	16,000,000
Grand Canal Improvement (Japanese share)	5,000,000
1918	
Japanese Telegraph Loan	20,000,000
Ki Hui R. R.	10,000,000
Mine and Forest Loan	30,000,000
Participational Loan	20,000,000
Tai-Shun Kao R. R.	20,000,000
Manchurian Mongolian R. R.	20,000,000
Okura Company	400,000
Mitsui Company	2,000,000
Chosen Bank	500,000
Tai-hei Company	18,716,521
Tai-hei Company	13,365,126
Seu-Tsen R. R.	2,600,000
Second Ammunition	23,643,762
Shihpingchieh-Chengchiatun R. R.	30,000,000
Yokohama Specie Bank	10,000,000
Yokohama Specie Bank	10,000,000
Mitsui Company	4,400,000
1919	
Okura Company	2,233,758
Tai-hei Company	741,623
Tai-hei Company	124,732
Taiwan Bank	100,000
Total	Yen 318,425,522

In 1917 the Chinese Parliament which had been illegally dissolved in Peking left the capital to resume sittings at Canton. Through the activities of certain of the Southern militarists, however, this Parliament was forced to abandon its sessions for a time, but in a series of brilliant military operations lasting from August to October, 1920, General Chen Chiung-ming drove the militarists from Kwangtung province and opened the way for the return of the legal Government. The members of Parliament, who had fled, returned and resumed sittings in Canton, where, in March, 1921, in an extraordinary session, they elected Dr. Sun Yat-sen President. On May 5th he was inaugurated President of all China.

The veteran Chinese statesman and diplomat, Wu Ting-fang, became Minister of Foreign Affairs in President Sun's cabinet. He has been twice Chinese Minister to the United States besides holding many offices of trust in China. He was appointed Foreign Minister of China after the death of Yuan Shih-kai but left Peking because of his opposition to the illegal government established in violation of the Constitution.

The members of the Constitutional Government at Canton believe in and are working for a united China but not a China governed by militarists. They have reorganized the Southern provinces on a basis of local autonomy. They are working for a united country with the active force at Canton as a nucleus. They have repudiated none of China's obligations. In fact, within the present month (November), the Can-

ton Government has offered to take over the obligation to the Continental and Commercial Trust and Savings Bank of Chicago the payment on which was defaulted by the Peking Government. The men behind the Canton Government are animated solely with a desire to bring a better era to China.

Since the return of Dr. Sun Yat-sen the Canton Government has done much to improve and develop the country. Gambling in all its forms has been prohibited and actually stopped. This has resulted in less lawlessness and petty thieving and in a better morale. At the same time it has deprived the government of between nine and ten million dollars annual revenue at a time when it is badly in need of money to carry on its improvements.

The troops have been placed under the authority of the civil government—a decided novelty and a great step forward in Chinese governmental procedure.

Twice or three times the amount of money is being spent upon education now as formerly, and it is planned to eventually appropriate one-tenth of the entire revenue for this purpose. There is a very comprehensive program for the improvement of roads being carried on, while special attention is being given through the Board of Health to the sanitary and health conditions of the entire population. Regulations regarding the practice of medicine and the sale of medical compounds have been put into effect.

Laws relating to self-government of communities have been put into effect and local self-government is being extended throughout the south. It was first applied to Canton in the form of a

modern city charter under which each of the several city departments is working hard for the improvement of civic conditions. As for the city of Canton itself, it has been turned into a modern metropolis. Its streets have been widened, new and modern buildings have replaced the ancient Chinese style of structures, tramways are being constructed and auto-bus lines are in operation.

It is thus seen that the Constitutional Government in Canton is honest, enlightened, progressive and efficient. It seeks not only to restore order throughout the country, by pacific and lawful means, but it is also making successful efforts towards the educational, industrial, and commercial development of the country. The Canton Government, in short is ably administered by educated, progressive, and patriotic officials; it has in a remarkably short time accomplished results which establish beyond question its probity and efficiency. It now invites foreign co-operation toward the country's development.

Consistent with its policy to safeguard the territorial and administrative integrity of China, the Canton Government will not countenance or permit, as it has prevented in the past, any attempt on the part of foreign interests to secure monopolistic concessions for the purpose of exploiting the country's resources. Its action with reference to the Cassel Collieries Contract indicates its determination to adhere to this just and patriotic policy. The Cassel Contract was negotiated by the Southern militarists, who were supported by the Peking Administration, with a British syndicate. This contract gave to the British syndicate virtual control of coal mining

and other monopolies in Kwangtung province in return for which the militarist traitors were to receive only $500,000 gold. The Canton Government returned to the British syndicate the $50,000 which it had advanced to the militarists who fled with the money, and cancelled the contract.

The Canton Government, however, welcomes foreign, and particularly American, capitalists who desire to participate in the industrial and commercial development of China. American capital is invited for obvious reasons. It is seen to be the only free capital which can be employed without being directed as a disguise to cloak ulterior motives seeking the impairment of Chinese sovereignty. On the basis of history this cannot be said for the financial resources of other nations employed in China. Rather it is regrettable to recall unhappy experiences of the past which revealed machinations of certain powers to undermine the integrity of China by means of supporting their respective nationals in the latters' designs for aggrandizement.

In view of its past achievements and present policies, the Canton or Constitutional Government may be taken to represent the Chinese people and their aspirations not only because of its claim to legality, but also because it discloses the only evidence of a stable, popularly supported, and progressive government in China.

From the above it will be seen that in spite of the inspired statements from the members and foreign advisors of the Peking delegation in Washington to the effect that a unification of the Peking and Canton Governments is soon to be consummated, the differences between the two

governments are so vital and fundamental that they cannot be adjusted on a basis of compromise.

The Peking administration at present pretends to govern the country not with the consent and co-operation of the people, but by sheer force with the financial and material aid of Japan who thus seeks to gain a strangle hold on China by keeping the country in a state of disorganization. The Peking administration is thus attempting to function in absolute violation of the laws it is supposed to support and enforce.

So far as the Canton Government is concerned a unification is possible only when the Peking administration will consent to (1) the elimination of foreign domination and interference in the domestic affairs of China and (2) the reestablishment of Parliament which is provided in the Constitution. Peace and prosperity in China are impossible unless the country is governed without the interference of foreign powers and unless it is governed in accordance with the wishes of her people as can be expressed only by a Parliament. On these conditions as a basis for the restitution of peace to China, the Canton Government stands inflexible and determined.

By means of loans and treaties, Japan has acquired a strong hold on the Peking Government. The Peking delegation to the Washington Conference cannot free itself from Japanese influence. This is why the Canton Government has refused to have anything to do with that delegation. Being without representation at the Conference, the Canton Government cannot, of course, be expected to abide by its decisions.

APPENDIX

President Sun Yat-sen's Declaration of the Canton Government's Position on the Far East Conference

"The President of the United States has invited China to participate in the discussions of Pacific and Far Eastern questions at the Conference to be held at Washington.

"The Government of the Republic of China, of which I am the duly constituted chief executive, affirms that no settlement of these questions is possible as long as China is not freed from policies which are defined and elaborated in the Twenty-one Demands and Treaties, and further worked out in the series of secret agreements, loans, concessions concluded and granted by Hsu Shih-chang's administration in favor of Japan. All other questions are subordinate to these menacing policies the unchecked prosecution of which involves an alien domination of China with her man power and natural resources.

"To secure her release from this policy of domination China must be represented at the Conference by a delegation under the direction of an administration that is not only the legal government in China but is not committed and not compromised by dealings and relations with the foreign power pursuing that policy.

"Hsu Shih-chang and his administration are so committed and so compromised. He was the Secretary of State of the administration which mismanaged the negotiations connected with the Twenty-one Demands and in consequence sacrificed vital Chinese rights. He and his administration concluded the secret agreements of September 24th and September 28th, 1918, and other secret transactions impairing the independence and integrity of China

and subjecting Chinese economic resources to an exploitation subserving the same policies of domination. Besides this moral incompetency of the administration Hsu Shih-chang is illegal. He was elected by an illegal parliament which was set up in violation of the Chinese Constitution and which he himself had to dissolve in the Autumn of last year as unconstitutional.

"On the other hand, this Government is entirely free and stands uncommitted vis-a-vis any foreign power. It is also the legal government of the Republic of China, because it has been established in pursuance of government-making power vested by the Constitution in Parliament.

"The moral disqualification of Hsu Shih-chang and his administration to state China's cause is a difficulty that goes to the root of the Chinese representation at the Conference. This difficulty cannot be solved by any paper scheme for political unification of China. It is a stern reality that must be faced if China is to secure a minimum of justice at the Conference.

"Therefore, I, in the name and on behalf of the Government and the people of the Republic of China, hereby declare that unless a delegation under the direction of this Government attends and takes part in the work of the Washington Conference, none of the decisions of the Conference relating to China shall be recognized as having any validity or force.

"(Signed) SUN YAT-SEN,
"President of the Republic of China.

"(Countersigned) WU TING-FANG,
"Minister of Foreign Affairs."